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Message Text

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TAGS: AORG, OCON, UNESCO

SUBJECT: UNESCO 97TH EXBD AGENDA ITEM 3.5.2 - JIU REPORT ON COST MEASUREMENT SYSTEMS (97 EX/8 AND ADD.)

1. U.S. POSITION:

(A) THE U.S. SUPPORTS RECOMMENDATIONS ONE AND TWO CALLING FOR THE DISCLOSURE TO GOVERNING BODIES AND IN BUDGETS THE AMOUNT OF UNREIMBURSED OVERHEAD; AND THE CONTINUATION OF THE COST MEASUREMENT SYSTEMS IN THE VARIOUS ORGANIZATIONS BEYOND JANUARY 1, 1975.

(B) THE U.S. SUPPORTS RECOMMENDATION THREE, REQUESTING THAT THE CCAQ TASK FORCE CONTINUE ITS WORK AS RAPIDLY AS POSSIBLE IN MAKING A COMPREHENSIVE STUDY OF THE QUESTIONS RAISED IN RECOMMENDATIONS TWO THROUGH TEN. GIVEN THE IMPORTANCE OF THE LATTER RECOMMENDATIONS IN TERMS OF COM-
PLEXITY, RESOURCE REQUIREMENTS AND RELATIONSHIPS TO THE WHOLE FIELD OF MANAGEMENT INFORMATION SYSTEMS, THEIR IMPLE-
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MENTATION SHOULD AWAIT REVIEWS OF THE FINDINGS OF FUTURE CCAQ REPORTS ON THIS SUBJECT.

2. BACKGROUND

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JIU INSPECTOR MAURICE BERTRAND PREPARED THIS REPORT IN RESPONSE TO A RESOLUTION ON OVERHEAD COSTS OF EXTRA-BUDGETARY PROGRAMS WHICH WAS ADOPTED BY THE GOVERNING COUNCIL OF UNDP AT ITS 439TH MEETING. THE JIU WAS INVITED TO COMMENT UPON THE FINAL REPORT OF THE CCAQ TASK FORCE AND TO MAKE RECOMMENDATIONS ON THE EXTENT TO WHICH THE PRESENT COST MEASUREMENT SYSTEM SHOULD BE CONTINUED BEYOND JANUARY 1, 1975. ALTHOUGH PREPARED AT THE REQUEST OF UNDP, THIS REPORT IS ALSO ADDRESSED TO THE VARIOUS ORGANIZATIONS THAT ARE USING OR INTEND TO USE A COST MEASUREMENT SYSTEM, IN PARTICULAR, TO THE UNITED NATIONS (INCLUDING UNIDO AND UNDP), FAO, THE ILO, UNESCO AND WHO.

3. SINCE JANUARY, 1969, THE UN SYSTEM HAS GENERATED SOME 53 DOCUMENTS ON THE RELATED SUBJECTS OF OVERHEAD COSTS,

COST ACCOUNTING, COST MEASUREMENT SYSTEMS AND RELATED SUBJECTS. THESE PAPERS WERE ISSUED BY A WIDE CROSS-SECTION OF THE SYSTEM, INCLUDING: JIU, UNDP, WHO, ACC, FAO, ILO, UNESCO, AND CCAQ. THE INTEREST IS NO LONGER NARROWLY FOCUSSED UPON THE SPECIFIC PROBLEM OF UNDP RE-IMBURSEMENT OF OVERHEAD COSTS, BUT RATHER HAS WIDENED, AS A RESULT OF THE ADVANCES MADE BY THE CCAQ TASK FORCE AND THE AGENCIES, TO INCLUDE THE MORE GENERAL MATTER OF DEVELOPING COST MEASUREMENT SYSTEMS AS INSTRUMENTS CAPABLE OF ANSWERING OTHER IMPORTANT QUESTIONS. AS A POTENTIALLY INVALUABLE MANAGEMENT TOOL, THE INTER-AGENCY COST MEASURE-MENT SYSTEM IS BEING DEVELOPED TO PROVIDE THE VARIOUS ORGANIZATIONS WITH COST INFORMATION ON THE USE OF ALL SOURCES OF FUNDS TO FACILITATE PLANNING, BUDGETING, FINANCING, IMPLEMENTATION AND EVALUATION OF HEADQUARTERS AND FIELD ACTIVITIES.

4. THE DATA OUTPUTS OF THE COST MEASUREMENT SYSTEM COULD BE UTILIZED ACCORDING TO THE INSPECTOR, AS INPUTS UNCLASSIFIED

TO THE FOLLOWING INFORMATION SUBSYSTEMS: MEDIUM-TERM PLANS; MEDIUM-TERM PERSONNEL RECRUITMENT PLANS; PROGRAM BUDGETS; DETAILED WORK PLANS; WORKLOAD STUDIES AND SYSTEMS FOR MONITORING THE IMPLEMENTATION OF THE DETAILED PLANS; SYSTEMS OF COSTING TO PROJECT LEVEL OR BY OUTPUTS; AND, BENEFIT MEASUREMENT SYSTEMS.

5. ANOTHER BENEFICIARY OF A COST MEASUREMENT SYSTEM MENTIONED IN THE REPORT WOULD BE THE FUNCTION OF EVALUA-TION. BESIDES AIDING THE SECRETARIATS' INTERNAL EVALUA-TION EFFORTS, THE COST MEASUREMENT SYSTEM WOULD, IN OUR OPINION, MAKE A MAJOR CONTRIBUTION TO A TRULY EFFECTIVE MECHANISM OF EXTERNAL EVALUATION, A GOAL WHICH THE U.S.

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IS CURRENTLY PURSUING THROUGH ITS PARTICIPATION IN THE 22 MEMBER STATE AD HOC WORKING GROUP ON UNITED NATIONS PROGRAM AND BUDGET MACHINERY. SPECIFICALLY, THE COST MEASUREMENT SYSTEM WOULD ASSIST EXTERNAL EVALUATION IN ATTEMPTING TO MEASURE EFFICIENCY AND ECONOMY OF PROGRAMS AND ACTIVITIES. WHILE RECOGNIZING THAT FURTHER DEVELOPMENT WORK WOULD BE NECESSARY, INSPECTOR BERTRAND ENVISAGES THE POSSIBILITY WHEREBY A REFINED COST MEASUREMENT SYSTEM COULD BEGIN TO FURNISH INDICATIONS OF PROGRAM EFFECTIVENESS AS WELL.

6. THE U.S. POSITIONS ON THE TEN RECOMMENDATIONS CONTAINED IN THIS JIU REPORT (JIU/REP/74/7) ARE CONSISTENT WITH THE COMMENTS MADE BY THE ADMINISTRATIVE COMMITTEE ON COORDINATION (ACC) IN DOCUMENT 97 EX/8 ADD. AND THE IMPLEMENTING ACTIONS THE ACC MEMBERS ARE PREPARED TO TAKE ON THEM. - -

7. THE U.S. SHARES INSPECTOR BERTRAND'S OBSERVATION THAT OF THE VARIOUS FORMULAS PROPOSED BY CCAQ FOR THE REIMBURSEMENT OF OVERHEADS, THE JIU IS UNABLE TO EXPRESS AN OPINION SINCE THE QUESTION CALLS FOR A POLITICAL DECISION. REGARDLESS OF THE OVERHEAD FORMULA SELECTED, IT SHOULD BE POSSIBLE, IN THE INSPECTOR'S VIEW, USING THE RESULTS OF THE COST MEASUREMENT SYSTEMS, FOR THE SECRETARIATS TO INFORM THE GOVERNING BODIES EXACTLY WHAT PROPORTION OF PROJECT OVERHEAD COSTS CONTINUES TO BE SUPPORTED BY THE REGULAR BUDGETS. IDEALLY, THIS FACT

SHOULD BE PROMINENTLY DISPLAYED HENCEFORTH IN THE BUDGETS THEMSELVES. THE U.S. IS IN COMPLETE AGREEMENT WITH THESE EXPECTATIONS, WELCOMING AS IT HAS CONTINUALLY, ANY APPROPRIATE METHODS FOR FULLY DISCLOSING THE ACTUAL COSTS OF TECHNICAL ASSISTANCE SUPPORTED BY ASSESSED AND VOLUNTARY FUNDS.

8. AS NOTED BY THE ACC, THE U.S. ALSO WELCOMES INSPECTOR BERTRAND'S PROPOSAL TO REORIENT GRADUALLY THE EXISTING COST MEASUREMENT SYSTEMS TO DETERMINE THE OUTPUTS OF UN AGENCIES SERVICES WHILE AVOIDING THE CREATION OF AN OVERLY COMPLEX AND EXPENSIVE SYSTEM. THE USE OF STATISTICAL SAMPLING AND SIMILAR TECHNIQUES CAN ASSIST IN HOLDING THE RELATED ADMINISTRATIVE COSTS TO A MINIMUM. KISSINGER

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